

TARIFF.

MEMORIAL

OF THE

AMERICAN INSTITUTE OF THE CITY OF NEW YORK,

AGAINST

REDUCING DUTIES, &c.

FEBRUARY 12, 1833.

Read, and laid on the table.

*To the honorable the Senate and House of Representatives of the
United States.*

"The American Institute of the city of New York," a society incorporated by the Legislature of this State, "for the purpose of encouraging and promoting domestic industry in this State and the United States," viewing with the deepest concern the provisions of the bill reported by the Committee of Ways and Means for the "future reduction of the duties on imports," beg leave most respectfully to remonstrate against its passage, and to present to your honorable bodies some of those considerations which have seemed to us to demand from a society, incorporated for such purposes, the expression of its sentiments upon a measure calculated, in its judgment, to produce consequences so fatal to every department of the national industry. It is far from the intention of your remonstrants to enter upon a general question of the expediency of a protective tariff; and still further, that of its constitutionality—a topic which, as your remonstrants humbly conceive, ought never to have been drawn into discussion, and cannot now be so, without a total reversal of *first principles*, which are taken for granted on all other constitutional questions.

With respect to the general question of the *policy* of protection, we are also admonished to forbear from its examination; not only from the reflection that it has undergone so many, in such a variety of ways already, but also from the fact that a great and conceded majority of the American people have again and again sanctioned the principle of protection, and demanded, in the most unequivocal forms, its application by the national councils.

It would appear to your remonstrants as trifling with the time and atten-

tion of your honorable bodies, to attempt to demonstrate more clearly the correctness of the principle, when three-fourths of the nation are fully agreed upon it, are entirely satisfied with its practical operation upon the industry of the country, and equally are opposed to its sudden or gradual abandonment. But it cannot escape the attention of the most unobserving, as it appears to your remonstrants, that the practical result of the protective system is no longer the question at issue; but that the system is now sought to be subverted by considerations entirely independent of its effects on the prosperity and welfare of the country; by considerations to which, as it appears to us, an importance is given far beyond their legitimate merits; from which deductions are daily made as the foundation of new measures, not only in plain and evident contradiction of daily experience, but in opposition, almost equally direct, with the very premises from which they are professedly drawn. It is impossible to feel that interest for the cause of domestic industry which led your remonstrants to form their association, and preserve a passive silence, when, on such reasons as those alluded to, a revolution so important in the national policy is deliberately proposed by a committee of the National Legislature.

Your remonstrants forbear to dwell on the disastrous effects which they believe would directly result to the manufacturing and mechanical industry of the nation; and as inevitably, though less directly, to all other interests, from so radical a change in our national policy as is proposed by the bill of the Committee of Ways and Means. It is unnecessary to present a picture of the distress which would ensue from a suspension of existing manufacturing establishments—an event so deplorable, that the destruction of every one of them, by a whirlwind that should sweep the whole face of the country, and tumble them into heaps of ruins, would hardly be more complete, or the calamities produced by it more appalling.

If such be the tendency of the measures of reduction proposed by the bill in question, it appears to your remonstrants that no wise and patriotic legislator, who perceives their hazardous character, can find reasons powerful enough to extort his assent to them. And particularly does it appear to us, that the reasons assigned in the report of the committee for their proposed experiment, are wholly insufficient to justify their recommendation of exposing the national industry to such fearful consequences.

The honorable Committee of Ways and Means appear to have recognized and felt the pressure of this obvious tendency of their projects, although not with sufficient force to resist the counter pressure of their reasons for the reductions they have proposed. Their scheme of *gradual annual* reductions admits the hazardous nature of their ultimate scale of duties. They expressly avow (page 6 of the report) "the wish of the committee to guard against a sudden fluctuation in the price of goods, whether in the hand of the merchant, retailer, or manufacturer;" and they go on to state that, "with that view, they have made the reduction upon the more important protected articles gradual and progressive." And yet, while so sedulous to protect the holders of the comparatively insignificant stock of goods on hand from any diminution of price, it appears to your remonstrants that the committee have entirely overlooked the ruinous depreciation of value and price which their bill would bring upon the property and labor now employed in manufacturing pursuits. If their plan of reduction is to produce, ultimately, so great and important a fluctuation, as they themselves seem to admit it must, may we not venture to ask why this discrimination of tenderness? and why is this

studious regard to the interests of the holders of the present stock of goods to be considered as a measure of justice? May not the manufacturer invoke the same sense of justice in behalf of the capital invested in his factory, as well as that which is afloat in his present stock of goods? If this tenderness of the committee, on the other hand, for the present state of the market, is to be regarded as a *favor*, we would most respectfully inquire, if those workshops and factories, from which thousands and tens of thousands derive their daily bread, are not entitled to be regarded with as favorable an eye, by the national councils, as the present stock of goods, "whether in the hands of the merchant, retailer, or manufacturer?" Can that be a wise and judicious discrimination, which stops to guard, so carefully, against the loss of a few thousands, by fluctuation of price in the goods now on hand, while the fatal effects of the same measure upon millions and hundreds of millions, by producing a still more extensive and ruinous depreciation, is totally disregarded? That such a depreciation must be the effect of the passage of the bill reported by the Committee of Ways and Means, your remonstrants are but too well persuaded. Impressed with that belief, we have looked anxiously into the report of the committee, but looked in vain, for some paramount reason of state, some overwhelming consideration of national policy, that would justify the enormous sacrifices proposed. We find no other semblance of reason there assigned, than the propriety of reducing the revenue to the sum of fifteen millions, which the committee have fixed on as adequate to the expenditures of the Government. Of the propriety of limiting the revenue of the Government as nearly as possible to its necessary and proper expenditures, none can be more justly convinced than your remonstrants; at the same time we should not regard it as, by any means, the greatest of national calamities, if, by the operation of a properly adjusted protective tariff, there should occasionally be found a surplus of two or three millions in the national treasury. That appears to be the whole extent of the so much apprehended surplus, to get rid of which, it is now proposed to derange the whole industry of the country!

But, taking it for granted that the revenue may be reduced to fifteen millions without prejudice to any branch of the public service, and leaving out of view, for the moment, the effect of the proposed method of reduction upon the national industry, we must be allowed to question whether the revenue is not much more likely to be increased, than reduced, by the rates of duty proposed by the committee. In fact, we regard the arrangement of duties contained in their bill, as exactly calculated to defeat the object which the committee have so much at heart; and to swell, instead of diminishing, the receipts from the customs. The duties, while insufficient for protection, and, of course, inviting importations much more extensive than heretofore, are yet sufficiently high to make up the deficiency in rate, by the increased quantity and amount of imports. But what appears to us as the most extraordinary feature of this bill for the reduction of the revenue, is, that on *teas* and *coffee*, which, by the tariff act of July, 1832, are admitted free of duty after the 3d of March next, it proposes again to levy a duty, the effect of which will be to increase the revenue, by taxing those articles of universal consumption to the amount of \$1,230,000! On the article of coffee alone, will be levied an additional duty of \$817,000 by the operation of the bill for the reduction of the revenue; and on teas an amount of \$415,000, according to the statement of the committee accompanying the report. Now, against this mode of *reducing* the revenue, your remonstrants beg leave most respectfully and earnestly to protest, and to express their earnest hopes

that those two articles, which are universally considered in the light of necessities only, may be allowed to remain, as by the act 1832 they are made, free of duty. Various reductions on articles not produced in this country, might be selected for the same object, if the revenue under the act of 1832 shall be found, contrary to the expectation of your remonstrants, to exceed the expenditures of the Government to a degree so alarming as to call for further legislative provisions to reduce it.

On the article of *silks*, which the committee have made the subject of special explanation in their report, it has appeared to us also, that they have not sufficiently attended to the paramount principle and object of their own bill. If they supposed that a reduction of the rate of duty would naturally diminish the receipts from that quarter, it would have been more consonant with the views on which the committee proceed, to have proposed a still further reduction of the duty on that article. But instead of recommending such a reduction, they have actually reported in favor of an increase of ten per cent. on the duty imposed on silks by the act of last July. The paragraph of the report of the committee, which contains the defence of this $7\frac{1}{2}$ per cent. increased rate of duty, it is true, justifies it on the ground of making "the consumers of foreign luxuries pay their share of the public burdens."

Whether silk is entitled particularly to that honor or not, we do not stop to inquire; nor do we wish to be understood as making the slightest objection to the rate of duty as a disproportionate one, considered either as a financial or sumptuary regulation. But we cannot forbear the expression of our most profound astonishment, at finding in the very next sentence of the report of the committee, (and this juxtaposition is not the least curiosity of the report,) a proposition to fix what the committee call a "moderate specific duty, equal to about 20 per cent. on the value, upon teas, and also upon coffee." While we are glad to learn the precise ideas of the committee, as to what constitutes a "moderate specific duty," we regret most sincerely that they should have selected those articles for its imposition. The reason, however, which the committee assign, we ought to give in their own words. The paragraph of the report which contains it is as follows: "The committee perceiving no sufficient reason why the consumers of foreign luxuries should not pay their share of the public burdens, propose to raise the rates of duties on silks nearer to the average rate of duties imposed by the bill, than they now are under the act of 1832. They also propose to fix a moderate specific duty, equal to about 20 per cent., on the value upon teas, and also upon coffee, which were made wholly free of duty by the act of the last summer.

"This has been added from a motive of financial prudence, lest the revenue from the customs should, from any modification of the bill, or other cause, fall short of the estimate, or lest the proceeds of public lands should be in part directed to some other channel; in either of which cases an increased revenue would be derived from this source of about one million of dollars, calculated on the rather short importation of tea the last year. Should this sum not be needed for the public service, it may be repealed without affecting the other part of the system."

We humbly beg leave to pause here for a moment, and to call the attention of your honorable bodies to the different propositions contained in the above paragraph. 1st. A recommendation to increase the duty on silks because they are an article of *luxury*, to 20 and $12\frac{1}{2}$ per cent. And, 2d, a

proposition to fix a "*moderate specific duty* of 20 per cent. *ad valorem*" on teas and coffee, which are no longer any where considered in the light of *luxuries*, but *necessaries*, of daily and general consumption. Is there not, in these different propositions, an inconsistency too palpable to admit of our grave comment? We are compelled to forego the attempt!

With respect to the closing suggestion of the committee in the above paragraph—that this "*moderate specific duty*" has been "added from a motive of financial prudence, lest the revenue should fall short of the estimate"—we have to observe, that it strikes us as singular in the highest degree, that this same motive of financial prudence did not exercise the same influence over the minds of the committee while they were deliberating on the reduction of the revenue on *protected* articles; why the same superabundant caution which led them to recommend this moderate specific duty of 20 per cent. *ad valorem* on tea and coffee, did not operate to restrain them from reducing even below that moderate specific rate, the duties on nearly every important fabric of domestic production.

If the higher rate of duty tends to produce a larger revenue, according to the theory of the committee, why not provide against the apprehended deficit resulting from too great reduction, by retaining the rates of duty provided by the act of 1832 on woollens and cottons, two great staples of the manufacturing interests of the country? But the committee appear to your remonstrants to have sedulously avoided even the appearance of the slightest discrimination in favor of those interests.

That the recommendation of an onerous duty on teas and coffee has been induced by a motive different from the avowed one of "financial prudence," your remonstrants disclaim all idea of insinuating. We have not the slightest ground for imputing to any member of that committee an overweening wish to frame a bill for the reduction of the revenue, in accordance with the notions of those who demand that the rate of duty on protected and unprotected articles should be reduced to the same level. Yet, though we do not even suspect that such a principle was assumed by the committee as the basis of their reductions, we cannot be unaware that the bill is likely to attract the support of those who contend for the principle of equal rates of duty on all articles of import, protected and unprotected. We beg leave, therefore, to examine, in a few words, the grounds on which such a principle is asserted, and the pretensions to which it has given birth. If rightly comprehended by your remonstrants, and they are free to avow that it has been their lot to find infinitely more difficulty in comprehending the propositions and arguments by which these pretensions are sustained, than in answering them; but if we rightly comprehend the arguments on which this system of equal duties is asked for, it is this—"that the duty on the protected articles, operating to raise the price to the amount of the duty, the consumer, in the non-manufacturing States is not only taxed to the amount of the duty on their consumption of the foreign articles equally with consumers in other quarters of the Union, but also unequally taxed to the amount of the enhancement of price," (produced, as they claim, by the duty which they pay for articles of domestic manufacture.) If such be the proposition, it is easy to see that every approximation to this standard of equal duties will naturally find support from the friends of that system, although they may utterly discard the "motive of financial prudence," which induced the recommendation of the committee.

It is not necessary to detain your honorable bodies with the slightest statistical details or estimates of the comparative consumption of protected and unprotected articles in the different sections of the United States, to demonstrate, as it appears to us, the utter groundlessness of this idea of the unequal operation of the duties on protected articles upon the consumer in the various quarters of the country. We cannot, after a full and careful consideration, discover any reason for withholding our assent to the following propositions:

1. That, keeping out of view the effect of a reduction of the revenue, by stripping the manufacturer of protection, it is precisely the same alleviation of public burden to the consumer, whether the same amount of reduction of revenue be effected by a total abolition of the duties on certain articles of general and equal consumption, or by reducing the average rate of duty on all such dutiable articles, so as to bring the amount within the same limits.

2. That the consumption of unprotected articles—that is, of articles admitted free of duty under the act of 1832, and of the dutiable articles—does not essentially vary in proportion to the population in the different portions of our territory.

3. That, if these propositions are substantially correct, there cannot exist any inequality in the contribution of the different portions of the country to the public treasury, under that act; and still less can the individual consumer, in any one part of our common country, pretend that he will be taxed *unequally* by the operation of that law, as regards free and unprotected articles.

It appears to us incontestible, that, to establish this inference, it is only necessary to advert to the universally known and admitted fact, that prices, whether enhanced or reduced by the operation of a protective duty on any article, are entirely uniform as respects the individual consumer, though constantly fluctuating in consequence of the variation of demand and supply, and other artificial causes. Whether, for example, certain woollen fabrics of equal and general consumption be one or two dollars more per yard, or one or two dollars less, in consequence of protection and competition, the consumer, in every part of the country, is equally subject to the operation of that cause of enhancement or reduction. The merchant who buys the foreign or domestic manufacture for the market in a non-manufacturing State, buys as cheap as he who purchases for that of a manufacturing one; at least, if there is any difference of price, it is entirely independent of the operation of the tariff. The consumption of the manufacturing States is believed, so far as any disparity exists, to exceed, in proportion to their population, that of the non-manufacturing ones; but, taking it to be nearly equal, we are entirely at a loss to perceive how a consumer in the one is placed in a more advantageous position, with respect to *prices*, than the consumer in the other. It cannot be pretended.

But, it is still urged that the mere consumer, in the manufacturing districts, derives certain advantages from the system of protection, in which the consumer in other sections cannot participate; inasmuch as some find a market for certain *agricultural* produce; others are directly benefited by receiving employment and subsistence, and the whole mass of the population derive advantage from the general activity and industry produced by these causes. To this we most fully assent; and we admit that the benefits conferred by the system are vast and inestimable. Those benefits were the motives that prompted its adoption, as they are the reasons which seem to your re-

monstrants to forbid its abandonment. We might vindicate the policy from the charge of partial operation, by urging, in answer to this objection, that the benefits it creates are open to all; that those who complain of its tendency to give a market to our agricultural produce, to furnish employment to our fellow-citizens, and to infuse a general activity and prosperity through the manufacturing sections of the country, may, by an equal enterprise, participate even more largely in the fruits of this system. But we are not disposed to rest our reply on this ground. We firmly believe that those States of which cotton constitutes the staple, are already even *more* benefited by the protection afforded to cotton manufactures, than the growers of *wool* by that afforded to this staple by the protection of our woollen manufactures. A mere reference to the quantity of cotton manufactured in proportion to that of wool, seems to us sufficient to establish the position, if the domestic consumption of cotton is to be considered as dependent on the protection of the domestic manufacture. In addition to this, the act of 1832 has been framed with a special view to the interests of those States, in regard to two articles which they claim to consume more in proportion than other parts of the Union. The duty of five per cent. on certain coarse woollens and blankets has appeared to your remonstrants to be an advantage, which, if their consumption be really so much greater than other parts of the Union, as they claim, ought to be appreciated in a manner far different from that in which it appears to be.

But, after all, it appears to your remonstrants that these objections to the system, because it operates to give a market to agricultural produce, means of support to the industrious poor, and to produce profitable employment of capital in the manufacturing districts, are virtually objections to the *national* prosperity! We cannot but consider the prosperity of so large a portion of the Union as is claimed on the one hand, and cheerfully admitted on the other, to be identified with the continuance and permanence of this system, as in effect the prosperity of the whole. We believe the prosperity of the whole to be involved equally in the question: and if the system of protection were abandoned, though the calamity might at first fall more heavily on the manufacturing districts, by depriving of employment and the means of subsistence so immense a number of our enterprising and industrious population, and sinking the capital invested in those pursuits, yet the shock of so vast a perturbation would be in the end equally felt in every part of our territory. The derangement which such a revolution would cause in the currency alone, ought to deter the boldest from essaying the experiment.

That the system of protection has imposed burdens in many instances, either on its opponents or on its friends, which are not yet fully compensated by the advantages it has already produced to others, we are far from admitting to be true. But if it has, we have borne and will bear all such temporary sacrifices, without a murmur, and with cheerfulness, for the sake of the immense benefits it is calculated to produce, not to any particular individuals or classes, but to the community and nation at large. We have looked to the system as one seldom exacting even temporary sacrifices worth consideration; but if it did so, that all such were like the seeds of the husbandman sown on good ground, hereafter to return the country, and the whole country, a harvest of an hundred fold. We are at an utter loss to perceive where the consumer, in the manufacturing districts, derives any benefit from the general operation of the system at the expense of the consumer in the other parts of the Union: and we are still more at a loss to

find any part of the act of 1832 that can be found to give the manufacturing interest any protection which is calculated to bear unequally on the consumer in the non-manufacturing States.

Upon another feature of the bill reported by the committee, to which we have already slightly adverted, the gradual annual withdrawal of protection, we beg leave to bestow a few words of more particular consideration. As we have already had occasion to observe, this scheme of gradual reduction seems to admit, in the strongest manner, that the interests affected by the contemplated change could not survive the shock of a sudden reduction of the duties to the ultimate scale proposed by the bill to take effect in 1835. Whether this is intended as a benevolent attempt to break the fall of those who must be finally prostrated, or whether it is supposed that those reduced duties will be a sufficient protection after the 4th of March, 1835, though fraught with ruin, if to take effect immediately, we have no other means of judging than what are furnished by the report of the committee. If the first only was intended, may we not be permitted to observe that the mere manifestation of a determination, on the part of the national councils, to abandon, though gradually, the system of protection, would hardly fail to produce immediate consequences almost as disastrous to the manufacturing interest, by destroying confidence in existing establishments, as if the prospective blow were struck at once? If, on the other hand, it was supposed that after a struggle of two years, under a gradually decreasing protection, our manufactures would be better able to meet and sustain the shock, may we not well inquire if they will be better prepared after such a struggle to take the field against an almost unlimited foreign competition? It appears otherwise to us, and that if protection is to be annihilated by the *fiat* of the national councils, it would not be very different whether it were to be decreed prospectively, at the distance of two years, or to take place immediately, while the manufacturing interest is still unimpaired in its resources, and retains the vigor derived from protection, to meet the first shock of the conflict with its foreign rivals, which must finally take place between them.

If, from all we have had the honor above to submit to your honorable bodies, it should be concluded that we intend to affirm the perfection of the tariff of 1832; to protest against any future alteration of any figure in it; our views will be entirely misunderstood—our intentions totally misapprehended. But we do intend to affirm, that the manufacturer of no protected article can, successfully, compete with the rival foreign one, if the principle of protection is abandoned; and that no manufacturing interest of consequence can, in the actual position of our country, and that of Europe, exist without a liberal protective duty; we mean, also, most deliberately to affirm that, in our opinion, protection, by encouraging and stimulating production, tends to reduce prices here, in all cases below what they would be in the market, if our country were dependant wholly on a foreign supply; and, to reduce them, consequently, in a corresponding ratio in those countries from which we were formerly in the habit of deriving our supply of the protected article; above all, we mean to express our fullest conviction, that the scale of duties proposed by the bill of the Committee of Ways and Means, (with the exception of iron and leather, and a few articles of minor importance, the motives of which discrimination appear to be enveloped in impenetrable mystery,) appears to us to lay aside and abandon the idea of protection altogether as an ingredient of the national policy.

Having sought in vain for any reasons in the report of the committee, we have made also a most careful survey of the actual condition of our country, without perceiving any thing of sufficient weight to induce a consent to this scheme of national calamity. We are fully aware of the arguments that may be drawn from the position which has been assumed in regard to the act of July, 1832, by one member of the confederacy. We are also duly impressed with the considerations of delicacy, which, under any other circumstances, would lead us to forbear even an allusion to that topic; and, we are free to avow that, apart from the arguments thus drawn from the position, we should decline any discussion of the novel topics to which that unhappy controversy has given rise. The same sense of duty, however, which has led us to address ourselves to your honorable bodies, compels us to declare that, in our humble judgment, the present position of that State, the grounds assumed by her, and the extent of her demands, preclude the possibility of discussing them. Every consideration of duty and policy would forbid to yield to threats what is denied by justice and patriotism to arguments and assertions so often and so easily refuted. To do so would be to betray the constitution and the Union, by abandoning to the caprice of one the interests of all the rest, or settled by, and embodied in, the legislation of all. We are at a loss to imagine any possible consequences that can result from the physical resistance of any one State to the operation of the law of 1832, or even from its secession from the Union itself, that deserves to be compared with those which would inevitably flow from a precedent so mischievous and alarming.

If the decision rested with us, we would rather choose to confide the event to any chance or change that might betide, than to take the fearful responsibility of the immolation which is thus demanded. We, therefore, most earnestly appeal to your honorable bodies against such a surrender, either to the motives to be found in the report of the Committee of Ways and Means, or those that may be drawn from the position assumed by one member of the confederacy, of the vital interests of the republic. To the protection of all these interests, we invoke the most mature deliberation, wisdom, and firmness of Congress, and implore the blessings of the Supreme Arbiter of events upon your councils and decision.

And your remonstrants, as in duty bound, will ever pray.

CLARKSON CROLIUS, *President Pro. Tem.*

EDWIN WILLIAMS, *Recording Secretary.*

NEW YORK, February 4, 1833.

